93-00437/

June 1, 1992

His Honour
The Right Honourable Lloyd Crouse
Lieutenant-Governor of Nova Scotia

Sir:

I have the honour to submit herewith the seventy-second Annual Report of the Nova Scotia Power Corporation: together with financial statements for the fiscal year ended March 31, 1992.

The high level of performance by management and staff, which has long been a characteristic of the Corporation, continued during the past year, resulting in a strong financial performance, the provision of safe, reliable, cost-effective electrical service, and environmental sensitivity, all to the benefit of the Nova Scotia consumer.

Yours very truly,

Joseph A.F. Macdonald, QC
Chairman

The 1991-1992 fiscal period represented one of the strongest financial performances in the history of Nova Scotia Power. ❧ The operating surplus of $46.3 million enabled the Corporation to increase its equity to $111 million. Cost effective measures in all areas of the operation, efficient use of our generation facilities to meet customer requirements combined with lower than forecast oil prices, prudent short term borrowing at lower interest rates which resulted in lower than anticipated interest payments, in addition to a rate increase approval by the Public Utilities Board, all contributed to the financial success of the past 12 months. ❧ During the past year, we continued to make substantial productivity gains. In fiscal 1992 our 2,435 employees served 400,626 customers compared to 2,521 employees serving 334,205 customers in fiscal 1983. In other words, our customer to employee ratio has gone from 133 to 1 in 1983 to 165 to 1 in 1992, a productivity improvement of 24%. In our pursuit of effectiveness, an early retirement program was offered, resulting in the elimination of 157 positions. ❧ Our productivity improvement has had no negative impact on our reliability of service which stands at 99.93%. The Corporation continued to make improvements to its transmission and distribution system, and last year spent approximately $102 million to supply and upgrade service to new and existing customers. ❧ In the area of rates, we have made considerable progress. Since 1984 our rates increased by a total of 16.8%, while the Consumer Price Index has risen by a total of 42.6%. The most recent rate increase approved by the Public Utilities Board, effective April 1, 1992, was for an average 2.1%, again below the rate of inflation. ❧ With reserves of $111 million at the end of the current fiscal period, our self-sufficiency has reached an all-time high level. ❧ In the important area of environment significant progress was made towards our objective of reducing atmospheric emissions. Our commitment to use low sulphur coal at the Trenton Generating Station and our Circulating Fluidized Bed program at Point Aconi are keys to this program. Our plan is to reduce overall sulphur dioxide emissions by some 50% and nitrogen oxide emissions by 15% over the next 20 years. ❧ The 160 megawatt Trenton unit was commissioned this past year on schedule and within budget. At the Trenton plant, the use of low sulphur coal contributes to a reduction in system sulphur dioxide emissions of 12%. ❧ Considerable progress was made on construction of the Point Aconi Circulating Fluidized Bed Generating Station, which is scheduled for

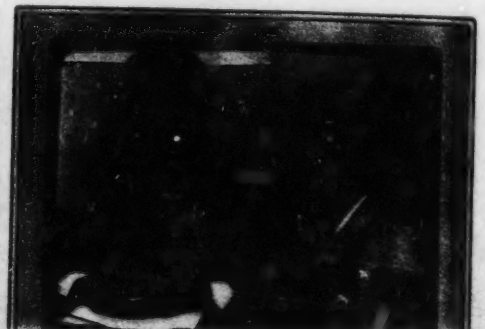
commercial operation in the fall of 1993. The plant will reduce sulphur dioxide emissions by 90% and nitrogen oxide emissions by 65-75%, compared with a traditional coal-fired plant. ❧ We also continued our research and development of new technologies such as mine methane utilization, coal gasification, combined cycle generation, sorbent injection, as well as other programs that could lead to further reductions in atmospheric emissions, including carbon dioxide. ❧ On the demand side, our Power Smart program has gained wide public acceptance and Nova Scotians are becoming much more aware of ways to use less energy better. The Corporation has taken a leadership role in this area through the implementation of energy efficient technologies at its refurbished facilities in Halifax and new offices in Sydney and Bedford-Sackville. The Power Smart objective is to reduce demand by 175 megawatts and consumption by 700 gigawatt hours by 2001. (Power Smart is a trademark of British Columbia Hydro and Power Authority and is licensed to Nova Scotia Power.) ❧ The most important resource at Nova Scotia Power is its people, and it is the embracing of our values program by our people that is manifesting itself in a positive fashion. Our effectiveness program, formally established last year, is aimed at making Nova Scotia Power the best in the industry. ❧ In the area of human resources, Nova Scotia Power has taken a leadership role in several areas, including Employment Equity. Five special employment programs were initiated in this area. ❧ Additionally, Nova Scotia Power is the host of YW-NOW (New Options for Women), a national YWCA pilot program to encourage women to enter Trades, Technology and Operations (TTO) jobs. ❧ The past twelve months have been an historic time for Nova Scotia Power, with the Premier's announcement on January 9 that the Corporation will be privatized. ❧ The accomplishments of the past year were a continuation of our successes in strengthening the organization, thereby raising the level of confidence necessary for our ongoing success. ❧ Nova Scotia Power is better equipped today than at any time in its history to operate as a confident, efficient, electric utility. ❧ In light of our accomplishments, not only in the past year, but over the past several years, we will continue to meet the challenges inherent in the operation of an electric utility, as well as the new challenges that will be forthcoming. With our proven track record and the highly competent and dedicated employees at Nova Scotia Power, we enter a new era confident of providing a high level of service to our customers, our province and to our new shareholders, while being considerate of our employees and protective of our environment.

Louis R. Comeau

In last year's annual report, NSPC leaders discussed their vision for the Corporation. For the 1992 Annual Report, we've done a progress check to see how that vision translated into reality.

Employment Equity is something we're doing because we know it's the right thing to do, it's something we simply must do. It's also good business. White, able-bodied males are a minority in Canada today. The majority, by a long shot, are the groups covered by employment equity. That's a tremendous pool of human potential for us to hire and promote.

During fiscal 1991, aggressive steps were taken toward achieving Employment Equity at Nova Scotia Power: regular contact with target groups; discussing our plan at community events, schools, career fairs, and so on; educating employees; and implementing five special employment programs. We regularly met with target groups to share information and promote Employment Equity at Nova Scotia Power. An Employment Equity series ran in the monthly employee magazine: an article discussing the issues and specific cases appeared in every edition. During this year, Nova Scotia Power attended 5 career fairs, and 26 speaking engagements at educational institutions to discuss the plan for our workforce. Nova Scotia Power is the host of a national YWCA pilot program, launched in November 1991. YW-NOW (New Options for Women) encourages women to enter Trades, Technology, and Operations (TTO) jobs. The program's initial information session drew more than 200 female employees. Already, the numbers of women applying for TTO jobs at NSPC has increased. During the year, the Corporation began to promote the Job Share program. This program gives employees more flexibility to balance career and other commitments, for example, parenting. There were 10 employees job-sharing at Nova Scotia Power during 1991. The Summer Student Program provided an opportunity for summer employment for target groups throughout the province. A program called Supervisory Career Path for Black Nova Scotians provides 32 weeks of on-the-job experience – for example, this year a program participant worked in our Credit and Collection group. The Face to Face program provides a unique opportunity for disabled people to explore, first hand, types of



Over 200 Nova Scotia Power women employees attended the YW-NOW official launch. At right, Tricia Robertson, YW-NOW Program Director, and Madeline Comeau, YW-NOW Education Director, field questions from reporters at the YW-NOW news conference.

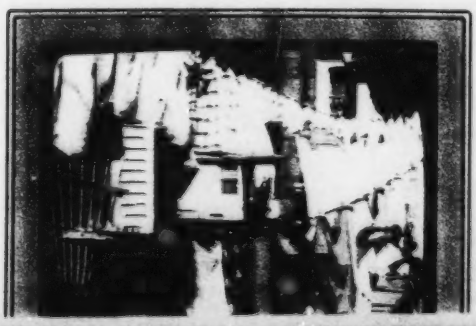
employment which interest them. For instance, a program participant spent a day with Engineering employees using the Computer Aided Design and Drafting (CADD) system.

> We need to change people's thinking habits, to create a new energy efficient ethic, and that's what our Power Smart program is for.

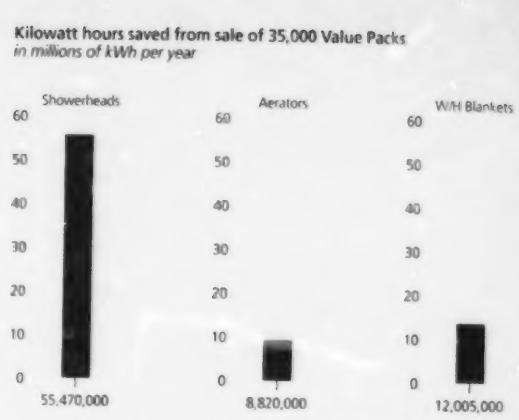
In September 1990, Nova Scotia Power's energy efficiency program, Power Smart, was launched. Through the fall, the program's purpose was advertised. We set awareness targets to be achieved by the end of October 1991, and exceeded all of them. Aiming for 50% of our target audience to have heard of Power Smart, the awareness actually achieved was 59%. We aimed to have 40% of the audience aware that Nova Scotia Power was the sponsor of the program – in fact, 74% identified Power Smart as a Nova Scotia Power program. Our success extended beyond awareness, to participation. Over the first year of the program, we offered advice and information, rebates and giveaways; we coordinated province wide efficiency demonstrations like the "lights out" measurement on Power Smart night and energy use report card for students. Across the board, Nova Scotians welcomed our efforts. A regular report of energy efficiency tips for business, The Efficiency Report, was developed and distributed to 1600 of our large commercial and industrial customers. 42 industrial customers bought 104 high efficiency motors (with rebates), for an efficiency gain of 2,876 horsepower.

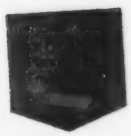
Over 30,000 Value Packs were sold: these kits included a low-flow showerhead, faucet aerator, and water heater blanket, and offered a rebate for turning in the old showerhead. In a signed proclamation, the Premier, Ministers of Natural Resources and Environment, and municipal leaders pledged participation in energy efficiency measures. Energy efficiency tips for the home were featured during the summer in newspapers, and on radio and television. As part of a promotional partnership with Nova Scotia Power, an ATV news program held a Power Smart contest. Over 40,000 energy efficiency report cards were sent to teachers of children in grades 2 to 6 throughout Nova Scotia for the children to grade the energy efficiency of their homes. 10,000

A series of Power Smart television ads on ATV featured energy efficiency tips, such as drying clothes naturally and installing water heater blankets.



people brought old light bulbs to their local shopping mall and received energy efficient lightbulbs from Nova Scotia Power. "The World's Largest Lightbulb Exchange" was held in seven malls around the province. At 8 pm, on October 17, 1991, we asked all Nova Scotians to turn off any lights they weren't actually using. The result? 20,000 kilowatt hours were saved – enough electricity to meet the needs of the town of Antigonish for one hour. A commercial lighting program, including rebates, was launched in October 1991. Eight customers have applied for rebates, including a manufacturing facility that replaced all standard four-foot fluorescent tubes and ballasts with the more efficient lamps and electronic ballasts. During the Christmas season, 5200 packages of energy efficient outdoor Christmas lights were sold. All YM/YWCAs in Nova Scotia were given low-flow showerheads. Low-flow showerheads, faucet aerators, and water heater blankets were provided to six group homes in the province.

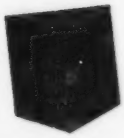




and we are attempting to balance reliability, cost-effectiveness, financial considerations and environmental responsibility in managing our system for the best end result. Really, over the years we've been involved in a number of initiatives that were very positive environmentally.

During the past year, the Corporation's environmental activities have been extensive. Environmental protection plans were prepared and implemented for the construction of new transmission lines, environmental approvals were obtained for Trenton 6 Generating Station and for selected construction activities with the Point Aconi project. The environmental auditing program continued. There were several site visits in order to assist in the monitoring of the Corporation's environmental programs. Environmental auditing is relatively new to Nova Scotia Power, and for that matter to most other Canadian utilities. The process is one of self-evaluation aimed at identifying strengths, as well as potential weaknesses in the Corporation's environmental programs, and leads to recommendations of measures to rectify deficiencies. Osprey populations in Nova Scotia have stabilized in recent years, aided by NSPC's nest relocation program. Osprey remain a protected species under the Nova Scotia Wildlife Act. A Great Blue Heron Colony was identified during transmission line routing studies. To minimize disturbance to the herons, the distance between the colony and the planned right-of-way was maximized and no clearing or construction activities were allowed during the breeding season. There are several water

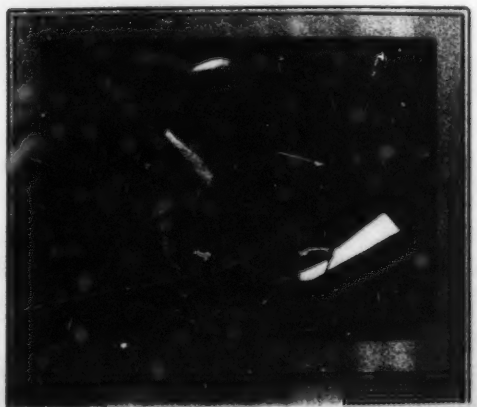
management projects on-going which were either initiated by Nova Scotia Power, or in which we are major participants. These include areas on the Annapolis River, the Lower Mersey at Harmony and Tusket River. ❧ Regarding air management, the 1991 annual emission of sulphur dioxide (SO_2) at 141,036 tonnes has been reported to the Nova Scotia Department of Environment. This number is down from the 1990 total of 143,241 tonnes. It is a requirement of the Nova Scotia Department of the Environment not to exceed 145,000 tonnes of SO_2 per year after 1994. ❧ As part of the Corporation's ongoing commitment to work with various wildlife groups, Nova Scotia Power has become a member of the Nova Scotia Wildlife Federation. With a membership of 5,500, the Federation is interested in all aspects of the outdoors and is dedicated to fostering sound management and wise use of resources. ❧ Under the Nova Scotia Coal Research Agreement, funded by Nova Scotia Power, the Cape Breton Development Corporation, and the Nova Scotia Department of Natural Resources, studies of mine methane and coal gasification testing have been completed. R&D still in progress includes studies of Integrated Coal Gasification Combined Cycle Generation (IGCC), sorbent injection, partial gasification and other programs.



The environment was a challenge for us this year. Not because we didn't do the right things, but because some people didn't believe we were doing the right thing. So public participation is becoming a bigger part of our planning.

In the fall of 1991, Nova Scotia Power sought public input on its resource planning through direct dialogue with Nova Scotians across the province. The issues were outlined in a document provided in advance to anyone who wished to participate. Meetings in ten communities of the province were arranged, and advertised. Each meeting was chaired by a member of the community. At the meetings, Louis Comeau and Vice President of Planning and Environment Terry MacDonald made opening remarks, showed a video outlining the issues, and invited discussion. In these dialogues, concepts were clarified and suggestions developed. ❧ The interests of the participants varied: representatives of groups such as Solar Nova Scotia, Forest

The Options & Opportunities public participation forums invited members of the public to address questions or comments to Nova Scotia Power representatives. At right, Tony Rodgers of the Nova Scotia Wildlife Federation addresses the panel, and NSPC Vice President of Planning and Environment Terry MacDonald outlines some goals.

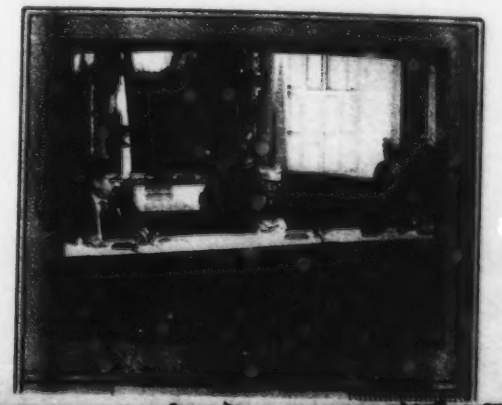


Management Co-op, and Voluntary Planning attended, along with environmental groups, municipal officials, educators, and other interested parties.

The meetings were extremely positive for Nova Scotia Power. Participants seemed to gain a better appreciation of our planning process and future options, and in return provided us with valuable information on their preferences and views. This information will be incorporated into a resource planning document.

given the efforts demonstrated by our employees in the past, I am confident that the challenges will be met for the benefit of all Nova Scotians. We will be effective – that is our pursuit.

On January 9, 1992, Premier Donald Cameron announced that Nova Scotia Power would be privatized in June 1992. The Corporation had reached an excellent position to begin operating as an investor-owned utility. Financially, NSPC has become self-supporting; since 1986, all government subsidies have been eliminated. Financial markets in the United States and Canada have recognized this progress. Additionally, more than 20,000 Nova Scotians have invested more than $430 million in Nova Scotia Power Savings Bonds. Most aspects of operation won't change after privatization. We will continue to look for ways to "work smarter". Our commitment to Nova Scotia and Maritime content, our commitment to coal as our primary fuel, our commitment to energy efficiency, our regulation by the Public Utilities Board – none of this will change. But Nova Scotians, and other investors, will have an opportunity to become more involved in the operation of the utility. Privatization will also allow our company to achieve a healthier debt to equity ratio, long advocated by the Public Utilities Board, among others. For customers, the situation after privatization will be similar to that of Maritime Tel &Tel and its customers. MT&T is an investor-owned utility with 70% of its shareholders in Nova Scotia, and its rates are regulated. There will be no lay-offs as a result of privatization, but we will continue to increase efficiency. The employees will be able to purchase shares in the Corporation and with investor-employees, the high level of customer service for which Nova Scotia Power is known is assured to continue, and at the lowest possible cost.



A news conference was held at Province House on January 9, 1992, to announce the privatization of Nova Scotia Power. Shown are NSPC President Louis Comeau, Premier Donald Cameron and Minister of Finance Charles MacNeil.

FINANCIAL HIGHLIGHTS

- Net Income for the year ended March 31, 1992 was $46.3 million, an improvement of $22.3 million over the previous year.
- Revenue increased $38.1 million on sales of 8,681 GW.h. A rate increase of 5% accounted for most of the increase in revenue.

FINANCIAL STATISTICS

for the year ended March 31, 1992, with four-year comparative figures

millions of dollars

	1992	1991	1990	1989	1988
Electric Revenue	**$665.1**	$628.0	$595.8	$543.4	$502.7
Total Cost of Operations	**461.3**	445.1	429.2	406.4	385.6
Fuel	**224.6**	220.8	225.1	206.2	199.1
Depreciation	**73.2**	63.2	60.0	58.9	52.6
Interest	**166.1**	166.5	151.9	155.0	151.8
Net Income (Loss)	**46.3**	24.0	21.0	(11.4)	(27.7)
Additions to Fixed Assets	**390.1**	329.3	216.8	112.2	104.6

FINANCIAL OPERATIONS

The Corporation's positive operating income is the result of an approved rate increase of 5% April 1, 1991, favourable oil prices and lower interest rates on long term and short term borrowings.

Electric revenue increased $37.1 million due mainly to an approved rate increase. Total electric energy sales remained virtually the same as the preceding year. Residential sales increased 2.6%, General Service sales increased 1.3%, while Industrial sales decreased 3.5% from fiscal 1991.

Declining heavy fuel oil prices in fiscal 1992 enabled fuel for generation cost to increase only 1.7% even though production from coal and heavy fuel oil increased 7.3%.

Operating, Maintenance and General expense increased by more than general escalation of costs due to the commencement of operation of Trenton 6 generating unit in the fall of 1991, additional maintenance costs of some generating stations, the introduction of a demand side management program known as Power Smart and increased bad debts due to the slow down in the economy.

Depreciation increased $10 million over the previous year due to increases in plant in service including Trenton 6 generating unit.

Lower interest rates in fiscal 1992 resulted in a slight decline in interest expense even though Long-Term Debt increased over fiscal 1991.

CAPITAL SPENDING

Capital spending during fiscal 1992 amounted to $390 million. Major capital expenditures for the year included completion of construction of Trenton 6 Thermal Generating Unit and the ongoing construction of Point Aconi Thermal Generation plant.

MANAGEMENT REPORT

All information, including the consolidated financial statements in the Annual Report of Nova Scotia Power Corporation, is the responsibility of management and has been approved by the Directors. Financial information presented throughout this report is consistent with the data presented in the financial statements which are prepared in accordance with generally accepted accounting principles.

The Board of Directors carries out its responsibilities for the financial statements primarily through its Audit Committee, a majority of whom are not employees of the Corporation. The Audit Committee meets regularly with management, internal auditors, and the independent auditors all of whom have full and free access to the Committee.

The independent auditors are responsible for auditing the financial statements and giving an opinion thereon.

AUDITORS' REPORT

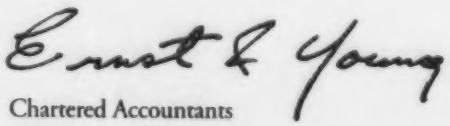
To the Board of Directors
Nova Scotia Power Corporation

We have audited the consolidated balance sheet of Nova Scotia Power Corporation as at March 31, 1992, and the consolidated statements of operations and retained earnings and changes in cash position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The consolidated financial statements for the preceding year were audited by another firm of chartered accountants.



Chartered Accountants
Halifax, Canada
April 30, 1992

CONSOLIDATED STATEMENT of OPERATIONS and RETAINED EARNINGS

for the year ended March 31, 1992, with comparative figures for 1991

millions of dollars

	1992	1991
Revenue		
Electric	$665.1	$628.0
Other	8.6	7.6
	673.7	635.6
Cost of operations		
Fuel for generation	224.6	220.8
Power purchased	3.8	15.9
Operating, maintenance and general	154.7	140.2
Grants in lieu of taxes	5.0	5.0
Depreciation	73.2	63.2
	461.3	445.1
Income before interest	212.4	190.5
Interest (note 1)	166.1	166.5
Net income	46.3	24.0
Retained earnings at beginning of year	51.8	27.8
Retained earnings at end of year	$ 98.1	$ 51.8

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at March 31, 1992, with comparative figures for 1991

millions of dollars

Assets

	1992	1991
Fixed assets (note 2)		
Property, plant and equipment in service	$2,430.3	$2,068.4
Less accumulated depreciation	731.8	677.0
	1,698.5	1,391.4
Construction work in progress	402.6	392.8
	2,101.1	1,784.2
Current assets		
Cash	.1	.2
Accounts receivable	67.9	64.9
Unbilled revenue	45.9	45.2
Inventories at cost	69.3	69.7
Prepaid expenses	2.2	2.3
	185.4	182.3
Deferred charges less amortization	36.2	22.6
	$2,322.7	$1,989.1

APPROVED ON BEHALF OF THE CORPORATION

Chairman

President and Chief Executive Officer

CONSOLIDATED BALANCE SHEET

as at March 31, 1992, with comparative figures for 1991

millions of dollars

Liabilities and Equity

	1992	1991
Long-term debt (note 3)	$1,757.2	$1,566.1
Current liabilities		
Bank indebtedness	7.7	14.7
Accounts payable and accrued charges	118.5	71.5
Customers' deposits and accrued interest	2.3	2.0
Accrued interest on long-term debt	72.6	65.7
Long-term debt payable within one year	253.0	202.6
	454.1	356.5
Deferred credits	-	1.4
Equity		
Contributed surplus	13.3	13.3
Retained earnings	98.1	51.8
	111.4	65.1
	$2,322.7	$1,989.1

Commitments - note 4

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

CONSOLIDATED STATEMENT of CHANGES in CASH POSITION

for the year ended March 31, 1992, with comparative figures for 1991

millions of dollars

	1992	1991
Operating activities:		
Net income	$ 46.3	$ 24.0
Items not requiring an outlay of funds:		
Depreciation	73.2	63.2
Amortization of deferred charges	5.5	11.0
Working capital changes	51.0	6.2
Cash provided by operating activities	176.0	104.4
Financing activities:		
Proceeds from long-term debt less discount	524.3	361.4
Repayment of long-term debt	(350.6)	(72.3)
Sinking fund redemptions (payments)	93.4	(20.9)
Earnings on sinking funds	(46.1)	(35.6)
Cash provided by financing activities	221.0	232.6
Investing activities:		
Fixed asset expenditures	(390.1)	(329.3)
Increase in cash position	6.9	7.7
Cash deficiency at beginning of year	(14.5)	(22.2)
Cash deficiency at end of year	$(7.6)	$(14.5)

The components of cash are cash less bank indebtedness.

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

March 31, 1992

Consolidation

The consolidated financial statements include the accounts of Nova Scotia Power Corporation and its wholly-owned subsidiaries, Nova Scotia Light and Power Company, Limited and Eastern Light & Power Company Limited.

Regulation

The Corporation has no share capital and is a Crown corporation of the Province of Nova Scotia which is engaged in the production and sale of electric energy, and is regulated by the Board of Commissioners of Public Utilities for the Province of Nova Scotia (PUB) pursuant to the Public Utilities Act. The Corporation is subject to examination of its accounting policies and practices by the PUB; these accounting policies and practices are similar to those being used by other companies in the utility industry.

Revenue

The Corporation records an estimate of revenue for service rendered but not billed to customers.

Property, Plant and Equipment

The property, plant and equipment of the Corporation are recorded at original cost net of contributions in aid of construction. Expenditures for additions, replacements and improvements, which are comprised of direct labour, material, engineering, and related overhead costs, are capitalized whereas repairs and maintenance are charged to operations. Interest on funds used during construction is capitalized monthly at an interest rate which represents the effective cost of capital determined at the preceding fiscal year end. For property, plant and equipment replaced or renewed the original cost plus removal cost (excluding future removal and site restoration costs) less salvage is charged to accumulated depreciation.

The excess of the Corporation's investment over the book value of subsidiaries and acquired power utilities was $30.2 million. This amount is being amortized on a straight-line basis over terms ranging from 11-30 years. At March 31, 1992, the unamortized value included in the fixed assets of the Corporation was $6.0 million.

Depreciation is provided for by the Corporation on the straight-line method, based on the estimated remaining service lives of its depreciable assets. The estimated average service lives for the major categories of plant in service are summarized as follows:

Functions	*Average Life in Years*
Generation:	
Hydro	62.0
Steam	32.3
Gas Turbine	28.7
Transmission	42.9
Distribution	30.8
General Plant	12.7

Changes in the estimated service lives of fixed assets and in the significant assumptions underlying the estimates of fixed asset removal costs are subject to periodic review. Such changes are implemented on a remaining service life basis from the year the changes can be first reflected in electric service rates.

Depreciation expense for the year ended March 31, 1992 includes $0.9 million representing amortization of the excess of investment over book value of acquired utilities.

Provisions are made for future removal and site restoration costs of Thermal Generating Stations. These provisions are included in depreciation expense and are recorded as a liability as at March 31, 1992 of $8.6 million (1991 – $4.5 million).

Foreign Currency Translation

Foreign currency amounts are translated into Canadian funds substantially in accordance with the temporal method of foreign currency translation, whereby assets and liabilities so denominated are categorized as monetary or non-monetary items as follows:

(a) Monetary items:
Cash, other current assets and liabilities, sinking funds and long-term debt are converted to Canadian dollars at the rate of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date that relates to long-term debt less sinking funds are shown on the balance sheet under deferred charges. All other exchange differences are charged to operations.

Deferred costs are amortized to operations over the remaining life of the debt issue or the period over which the related sinking fund will retire the debt issue, whichever is less.
(b) Non-monetary items:
Fixed assets originally acquired in foreign currencies are translated to Canadian dollars at historical exchange rates.
(c) Revenue and expense items, including interest expense on long-term debt, are reflected in operations at the rate of exchange on the date of the transaction

together with any other exchange gains or losses realized from transactions affecting current operations.

Financing Costs

Financing costs are deferred and amortized on a straight-line basis over the life of the debt to which they apply.

Income Tax

The Corporation is a Crown corporation of the Province of Nova Scotia and accordingly is not subject to income taxes.

Sinking Funds

Sinking funds, including those in foreign currencies, consist of securities and cash held by the Corporation and trustees for the redemption of certain debt issues. The Corporation may satisfy its annual sinking fund obligation by purchasing bonds of the Corporation on the open market at any time prior to the due date.

March 31, 1992

1. Interest

millions of dollars

	1992	1991
Interest on long-term debt	$250.9	$205.0
Amortization of financing costs	3.7	2.1
Interest on short-term debt	5.7	16.7
Foreign exchange costs	2.7	11.2
	263.0	235.0
Less		
Interest charged to construction	41.1	26.9
Sinking fund earnings	46.1	35.6
Other investment income	9.7	6.0
	96.9	68.5
	$166.1	$166.5

2. Fixed Assets

millions of dollars

	1992		
	Property, Plant and Equipment in Service	Accumulated Depreciation	Construction Work in Progress
Generating stations			
Steam and gas turbine	$980.0	$284.8	$335.2
Hydro	260.2	79.7	.8
Transmission	414.4	116.7	44.8
Distribution	635.6	200.4	8.4
General plant	140.1	50.2	13.4
	$2,430.3	$731.8	$402.6

	1991		
	Property, Plant and Equipment in Service	Accumulated Depreciation	Construction Work in Progress
Generating stations			
Steam and gas turbine	$ 723.6	$262.5	$331.6
Hydro	257.8	76.1	.2
Transmission	372.1	106.7	39.7
Distribution	594.1	187.7	5.9
General plant	120.8	44.0	15.4
	$2,068.4	$677.0	$392.8

3. Long-term Debt

millions of dollars

	1992	1991
Bonds and debentures	$1,810.6	$1,657.1
Notes		
Province of Nova Scotia	164.8	74.1
Government of Canada	34.8	37.5
	2,010.2	1,768.7
Less payable within one year	253.0	202.6
	$1,757.2	$1,566.1

Bonds, debentures and notes payable, which are guaranteed by the Province of Nova Scotia, are expressed in Canadian dollars at balance sheet date. A number of the bond and debenture issues are redeemable prior to maturity at the option of the Corporation. Bonds, debentures and notes payable are summarized by years of maturity and by currency in which they are payable in the following table:

	1992				1991	
Years of Maturity	Principal Outstanding			Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate
	Canadian	Foreign	Total	%	Total	%
1992					$ 226.2	
1993	$ 283.8	$ –	$ 283.8		122.3	
1994	12.1	–	12.1		12.5	
1995	14.7	4.5	19.2		19.4	
1996	103.7	–	103.7		103.7	
1997	23.7	47.6	71.3		–	
1-5 Years	438.0	52.1	490.1	9.96	484.1	11.00
6-10 Years	281.4	35.7	317.1	9.70	313.4	9.61
11-15 Years	449.8	–	449.8	11.63	559.4	11.21
16-20 Years	3.7	89.2	92.9	9.54	91.5	9.52
21-25 Years	350.0	–	350.0	11.09	350.3	11.09
26-30 Years	150.0	357.0	507.0	9.65	215.7	10.25
31-40 Years	200.0	–	200.0	11.00	200.0	11.00
	1,872.9	534.0	2,406.9	10.63	2,214.4	10.75
Less sinking funds	283.2	113.5	396.7		445.7	
	$1,589.7	$420.5	$2,010.2		$1,768.7	
Currency payable:						
Canadian dollars			$1,589.7		$1,626.7	
United States dollars			420.5		78.0	
Swiss francs			–		64.0	
			$2,010.2		$1,768.7	

3. Long-term Debt (continued)

Long-term maturities and sinking fund requirements, including those in foreign currencies translated to Canadian currency at March 31, 1992, are as follows:

Year Ending March 31	
1993	$253.0
1994	33.4
1995	36.0
1996	109.8
1997	45.0
	$477.2

4. Commitments

As at March 31, 1992, the Corporation was constructing generation, transmission and other facilities estimated to cost approximately $656 million of which approximately $454 million has been expended and an additional $58 million has been committed under contract. The remaining $144 million is estimated to be committed and spent in future years in order to complete the construction program.

5. Pension Plans

Regular employees of the Corporation are covered by the Public Service Superannuation Plan of the Province of Nova Scotia, which is a defined benefit multi-employer plan under which contributions are made equally by the Corporation and the employees. During the year, contributions to this plan of $5.7million (1991 - $5.5 million) were expensed (See Note 6).

The Corporation provides pension benefits to employees of acquired utilities, additional to those which are payable under the existing plans for years of service prior to acquisition. Pension expense for these plans in 1992 totalled $1.7 million (1991 - $1.6 million). Based on the most recent actuarial valuations completed as of December 31, 1989, extrapolations of both the present value of the accrued pension benefits, and the market value of the net assets available to provide for these benefits are as disclosed in the following table

millions of dollars

	1992	*1991*
Accrued Benefits	**$56.3**	$58.0
Pension Fund Assets	**41.9**	39.4
	$14.4	$18.6

6. Subsequent Event

On January 9, 1992 the Province of Nova Scotia announced its decision to privatize the operations of the Corporation. Legislation was introduced by the Province of Nova Scotia on April 16, 1992 which provides for a reorganization to give effect to the creation of a public company (NSP Inc.) as of June 30, 1992 to carry on the operations of the Corporation.

Under the planned privatization, the assets of the Corporation will be transferred to NSP Inc. at their carrying values on June 30, 1992. In consideration for these transfers:

a) NSP Inc. will issue Common Shares to the Corporation representing the Corporation's equity at that time.
b) NSP Inc. will issue interest bearing promissory notes to the Corporation, which notes correspond to the publicly held debt of the Corporation.
c) NSP Inc. will assume the other liabilities of the Corporation.
d) NSP Inc. will assume pension obligations pertaining to certain employees which were previously included in the Public Service Superannuation Pension Plan of the Province of Nova Scotia. Based on an actuarial valuation using management's best estimates completed as at March 31, 1992, the assets and liabilities related to these obligations were $120 million and $125.0 million respectively. This obligation is calculated using the accrued benefit method prorated on services.

NSP Inc. will issue shares to the public and to the Province of Nova Scotia. The Corporation will continue to be a wholly-owned Crown corporation of the Province of Nova Scotia.

Immediately following the offering, the Province of Nova Scotia will own less than 50% of the Common Shares of NSP Inc. with the public subscribing to more than 50% of the Common Shares. The Province of Nova Scotia has stated that it will deal with its Common Shares as an investor and not as a manager.

for twelve month period ended March 31

	1992	1991	1990	1989	1988
Electric Energy Generated & Purchased (Million kWh):					
Generated (net)	9,313.8	8,907.0	9,169.8	8,439.4	7,655.5
Purchased	136.4	510.6	137.5	295.2	515.2
	9,450.2	9,417.6	9,307.3	8,734.6	8,170.7
Losses & Internal Use	769.0	743.3	862.0	678.3	732.8
Total Electric Energy Sold	8,681.2	8,674.3	8,445.3	8,056.3	7,437.9
Energy Sales Billed (Million kWh):					
Domestic Service	3,324.4	3,267.9	3,206.8	3,049.9	2,782.6
General Service	2,390.6	2,356.0	2,291.7	2,185.5	2,030.8
Industrial Power	2,641.0	2,758.0	2,390.4	2,380.5	2,227.2
Municipalities	252.9	244.7	242.7	235.9	223.1
Unmetered Services	86.2	84.4	82.2	79.0	76.2
Total In-Province Billed Energy Sales	8,695.1	8,711.0	8,213.8	7,930.8	7,339.9
Increase (Decrease) in Unbilled Sales	(18.4)	(43.4)	(10.3)	104.4	68.6
Grid Sales	4.5	6.7	241.8	21.1	29.4
Total Electric Energy Sales	8,681.2	8,674.3	8,445.3	8,056.3	7,437.9
Electric Revenue Billed (Million $):					
Domestic Service	$284.4	$266.2	$253.2	$226.3	$208.6
General Service	207.6	$196.9	186.6	171.1	159.7
Industrial Power	142.6	139.2	119.4	113.1	105.4
Municipalities	15.0	14.0	13.5	12.2	11.5
Unmetered Services	14.6	13.8	12.8	11.6	11.2
Total In-Province Electric Revenue	664.2	630.1	585.5	534.3	496.4
Increase (Decrease) in Unbilled Revenue	0.7	(2.3)	3.0	6.3	4.4
Grid Sales	0.2	0.2	7.3	2.7	1.9
Total Electric Revenue	$665.1	$628.0	$595.8	$543.3	$502.7
Average Unit Revenue per kWh Billed:					
Domestic Service	8.6¢	8.1¢	7.9¢	7.4¢	7.5¢
General Service	8.7¢	8.4¢	8.1¢	7.8¢	7.9¢
Industrial Power	5.4¢	5.0¢	5.0¢	4.8¢	4.7¢
Municipalities	6.0¢	5.7¢	5.6¢	5.2¢	5.2¢
Unmetered Services	16.9¢	16.4¢	15.6¢	14.7¢	14.7¢
All Classifications Combined	7.7¢	7.2¢	7.1¢	6.7¢	6.8¢
Number of Employees	2,435	2,556	2,483	2,460	2,420
Number of Customers	400,626	395,577	389,370	381,507	373,594
km of Transmission Lines (69 kV & Over)	5,099	5,004	4,904	4,872	4,866
km of Distribution Lines (25 kV & Under)	24,001	24,243	24,017	23,701	23,503
Cost of Fuel (Million $) – Coal	$169.3	$150.3	$158.3	$156.4	$154.0
– Oil	55.3	70.5	66.8	49.8	45.1
Total	$224.6	$220.8	$225.1	$206.2	$199.1

The BOARD

(L-R): L.R. Comeau, Halifax; J.G. MacDonald, Sydney; G.J. McCulloch, Halifax; M.B. Walker, Halifax; J.A.F. Macdonald, QC, Chairman, Halifax; A.F. Bruce, Truro. Absent from the photograph is G.R. Elliott, Amherst (deceased, April 19, 1992).

The EXECUTIVE

(L-R): T.F. MacDonald, Vice President of Planning and Environment, G.K. Oickle, Vice President and Chief Financial Officer; R.J. Smith, Secretary and General Counsel; G.D. Lethbridge, Vice President of Engineering and Production; L.J. Sweett, Vice President of Customer Services and Energy Management; L.R. Comeau, President and Chief Executive Officer; W.I. Fraser, Vice President of Human Resources and Corporate Services.

COMMITTEES *of the* BOARD

Audit Committee

A.F. Bruce, Chair
G.R. Elliott (deceased, April 19, 1992)
G.J. McCulloch
J.G. MacDonald
M.B. Walker

Compensation Committee

G.J. McCulloch, Chair
A.F. Bruce
J.G. MacDonald
L.R. Comeau (Ex Officio)

Pension Committee

M.B. Walker, Chair
W.L. Fraser
G.K. Oickle
L.R. Comeau (Ex Officio)

Centennial Scholarship Selection Committee

A.F. Bruce, Chair
L.R. Comeau (Ex Officio)

Terms of Office expiries occurred as follows:
C.S.Smith, Liverpool, April 15, 1991;
R.A. Damery, Bridgewater, October 15, 1991;
G.D. Macdonald, New Glasgow, November 1, 1991;
C.J. Creighton, Dartmouth, and B.L.Woodworth,Wolfville,
January 1, 1992.

AUDITORS

Ernst & Young, Halifax

BANKERS

Bank of Nova Scotia
Royal Bank of Canada

SOLICITORS

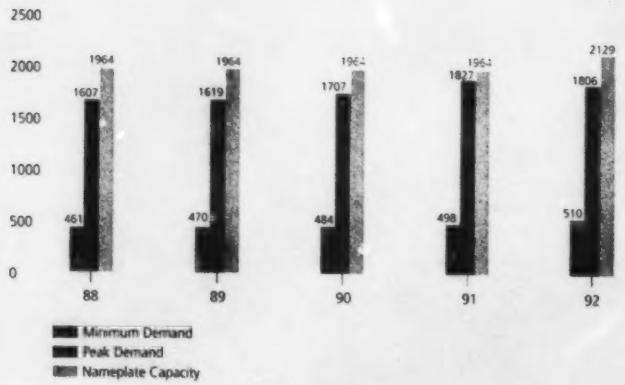
Cox, Downie & Goodfellow, Halifax

TRANSFER AGENT *and* REGISTRAR

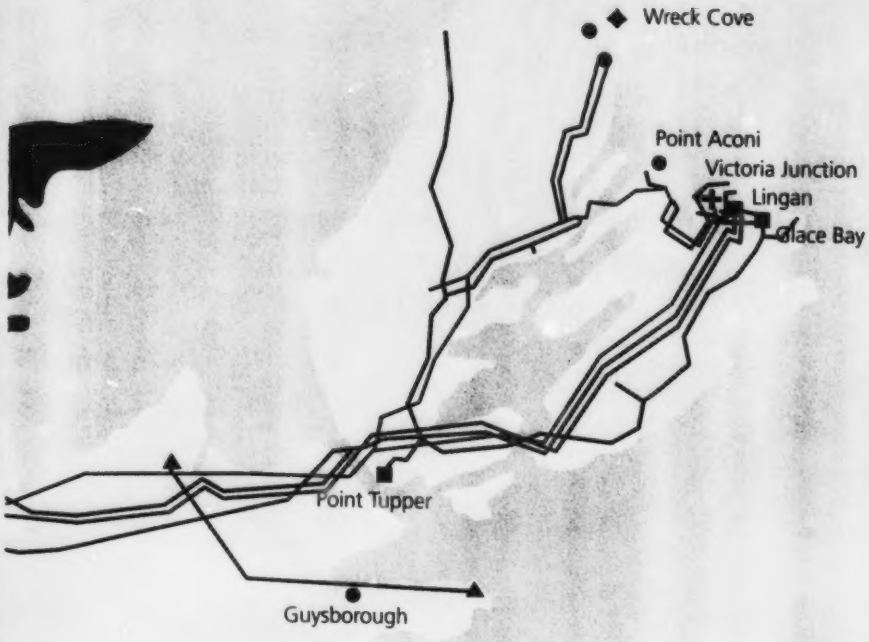
Corporate Trust and Debt Administration Department,
Nova Scotia Power

	Nameplate Capacity (MW)	1991-92 Generation (Million kWh)
Steam		
Lingan	601.8	4,243.8
Tufts Cove	350.0	1,819.8
Trenton	350.0	1,136.9
Point Tupper	150.0	957.9
Glace Bay	116.0	112.6
Maccan	–	17.2
	1,567.8	8,288.2
Gas Turbine	179.8	6.5
Hydro		
Total 33 Plants	361.9	986.5
Tidal	19.5	32.4
Wind Turbine	0.3	0.2
Total Capacity	2,129.3	
Net Generation		9,313.8
Purchases		136.4
Inter-Provincial Sales (to NBEPC)		(4.5)
Net Requirement		9,445.7

In megawatts, by year



Maccan
Trenton
Wolfville
Annapolis
Bear River
Burnside
Tufts Cove
St. Margaret's Bay
Halifax
Liverpool
Tusket



Sheet Harbour

Atlantic Ocean

NORTH

100 Kilometres

Transmission Lines

- 69 kV
- 138 kV
- 230 kV
- 345 kV

Plants

- Hydro
- Municipal Utilities
- Steam
- Gas Turbine
- Tidal
- Wind Turbine

Prince Edward Island
New Brunswick
Wolfville
Windsor
Kingston
Bridgetown
Bedford
Dartmouth
Halifax
Musquodoboit Harbour
Chester
Digby
Caledonia
Clare
Bridgewater
Milton
Yarmouth
Pubnico
Barrington
Shelburne

Zones

Eastern

Central

Halifax

Western

Atlantic Ocean

Boundaries

Zone

District

Offices

Zone

District

NORTH

100 Kilometres

At Nova Scotia Power we value...

Our Employees

We work together safely with mutual trust and respect. ❧ We make effective use of modern technology and innovation to produce quality results. ❧ We recognize employee contributions through timely feedback, fair and equitable rewards, opportunities and compensation.

Our Customers

Service is our priority. ❧ Our goal is customer satisfaction. ❧ We provide our customers with quality, responsive and reliable service in an efficient, courteous and cost-effective manner.

Our Environment

We respect and recognize our responsibility for the quality of the environment we share. ❧ We will continue to develop cost-effective ways to fulfill this responsibility. ❧ We will continue to broaden our understanding of the environment and be considerate of potential impacts resulting from our activities.

Our Province

We are proud to belong to the Nova Scotia community, and to be a major contributor to its economic and technological development.

The Corporate Values symbol was developed in 1988.